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Before the  
Federal Communications Commission  
Washington, DC 20554

In the Matter of:

Changes to the Board of  
Directors of the National Exchange  
Carrier Association, Inc.

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CC Docket No. 97-21

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

**REPLY COMMENTS**

MCI TELECOMMUNICATIONS CORPORATION

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Its Attorneys

Dated: February 3, 1997

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## **SUMMARY**

The proposed USAC structure could be even less “neutral” than NECA’s original proposal because USAC, as a subsidiary of NECA, would be entirely under the control of the NECA board and all of its employees would continue to be NECA employees. Accordingly, NECA’s proposal is not sufficient to allow it or USAC to be the interim administrator.

In addition, it is clear from NECA’s comments that it has no particular expertise to administer universal service for schools, libraries and health care providers and that there would not be any significant benefit in appointing NECA as the interim administrator. Although NECA has established data bases and billing relationships with contributing carriers, it would have to establish such relationships with the multitude of new entities that will be payors or recipients of universal service support, as would a truly neutral administrator.

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Changes to the Board of	)	CC Docket No. 97-21
Directors of the National Exchange	)	
Carrier Association, Inc.	)	

**REPLY COMMENTS**

MCI Telecommunications Corporation (MCI) hereby replies to the comments submitted in the above-referenced proceeding concerning the appointment of the National Exchange Carrier Association (NECA) as the interim administrator of the universal service fund for schools, libraries and health care providers.

The comments overwhelmingly support MCI's position that NECA currently does not meet the requirements to be the interim administrator and that NECA's proposal to change its Board, submitted on October 18, 1996, also would not be sufficient for NECA to be the interim administrator.

Moreover, NECA's revised proposal, if implemented, would not be sufficient to allow it to be the interim administrator. In its revised proposal, NECA asks the Commission to "direct it to establish a new subsidiary universal service administration company (USAC), with a balanced board of directors representing all segments of the industry, to serve as temporary administrator of new universal service fund programs."<sup>1</sup> According to NECA, USAC would have full control over the administration of universal service programs and its board "could be appointed by the

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<sup>1</sup> NECA Comments at 2.

Commission, nominated by interested parties, or selected by NECA based on recommendations of the Commission and/or interested parties,”<sup>2</sup> with some representation from the NECA Board.<sup>3</sup> Further, “NECA personnel would be dedicated to the USAC, and support services would be obtained from NECA on a charge back basis pursuant to NECA’s Commission-approved cost allocation manual.”<sup>4</sup>

The proposed USAC structure could be even less “neutral” than NECA’s original proposal because USAC, as a subsidiary of NECA, would be entirely under the control of the NECA board, which would continue to have only incumbent LEC (ILEC) directors and directors appointed by the ILECs. In addition, all of its employees would continue to be NECA employees. Accordingly, NECA’s proposal is not sufficient to allow it or USAC to be the interim administrator.

In addition, it is clear from NECA’s comments that it has no particular expertise to administer universal service for schools, libraries and health care providers and that there would not be any significant benefit in appointing NECA as the interim administrator. NECA states that, although it has established data bases and billing relationships with contributing carriers, “the contemplated program involves many entities that are new to universal service funding mechanisms.” Accordingly, it will “take some time” for NECA to establish lines of communication with interested parties, understand their needs, and develop workable

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<sup>2</sup> Id. at 8.

<sup>3</sup> Id. at 5.


<sup>4</sup> Id.

administrative mechanisms.<sup>5</sup> Thus, clearly there is no benefit to appointing NECA as the interim administrator with respect to these entities. Moreover, a neutral administrator, with no ties to NECA, could take advantage of any benefit associated with NECA's relationships with its members by interacting with NECA, acting on behalf of its members.<sup>6</sup>

Based on the foregoing and MCI's Comments, the Commission should reject NECA's proposals and immediately request neutral entities to submit proposals to be the interim fund administrator.

Respectfully submitted,

MCI TELECOMMUNICATIONS CORPORATION

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Dated: February 3, 1997

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<sup>5</sup> NECA Comments at 9.

<sup>6</sup> Clearly, there is no reason that the administrator must be NECA or a subsidiary of NECA, since NECA states that if USAC is selected as the permanent administrator it would be divested from NECA and any personnel and resources necessary to administer the universal service programs would be transferred to USAC.

### **CERTIFICATE OF SERVICE**

I, Sylvia Chukwuocha, do hereby certify that copies of the foregoing Reply Comments were served this 3rd day of February, 1997, by hand delivery or first-class mail, postage prepaid, on the following parties listed below:

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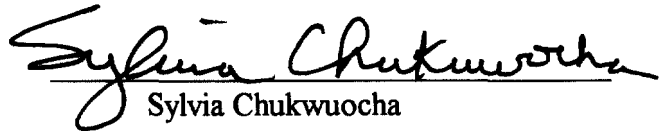
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